



BILLING CODE 6351-01

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 23

Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants

AGENCY: Commodity Futures Trading Commission

ACTION: Extension of Comment Period

SUMMARY: On April 28, 2011, the Commodity Futures Trading Commission (“Commission” or “CFTC”) published in the **Federal Register** a notice of proposed rulemaking that would establish initial and variation margin requirements on uncleared swaps for swap dealers (“SDs”) and major swap participants (“MSPs”).¹ In October 2011, the Basel Commission on Banking Supervision (“BCBS”) and the International Organization of Securities Commissions (“IOSCO”) established a Working Group on Margin Requirements (“WGMR”) to develop harmonized international standards for uncleared swaps. BCBS and IOSCO recently published a consultative paper prepared by the WGMR that outlines possible margin requirements for non-centrally cleared derivatives (“consultative paper”).² The Commission is extending the comment period for its proposed margin rules for uncleared swaps for swap dealers and major swap participants in order to give interested parties the opportunity to comment on the consultative paper and the CFTC’s proposed rules concurrently.

DATES: Comments must be submitted on or before **September 14, 2012**.

¹ See 76 FR 23732.

² The WGMR is comprised of representatives from over 25 domestic and international regulatory authorities, including the CFTC.

ADDRESSES: You may submit comments, identified by RIN 3038-AC97, and Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants by any of the following methods:

- The Agency's web site, at <http://comments.cftc.gov/>. Follow the instructions for submitting comments through the web site.
- Mail: David A. Stawick, Secretary of the Commission, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581.
- Hand Delivery/Courier: Same as mail above.
- Federal eRulemaking Portal: <http://www.regulations.gov>.

Please submit your comments using only one method.

All comments must be submitted in English, or if not, accompanied by an English translation. Comments will be posted as received to www.cftc.gov. If you wish the Commission to consider information that you believe is exempt from disclosure under the Freedom of Information Act, a petition for confidential treatment of the exempt information may be submitted according to the procedures established in § 145.9 of the Commission's regulations.³ The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse or remove any or all of your submission from <http://www.cftc.gov> that it may deem to be inappropriate for publication, such as obscene language. All submissions that have been redacted or removed that contain comments on the merits of the rulemaking will be retained in the public comment file and will be considered as required under the Administrative

³ See 17 CFR 145.9.

Procedure Act and other applicable laws, and may be accessible under the Freedom of Information Act.

FOR FURTHER INFORMATION: John C. Lawton, Deputy Director, jlawton@cftc.gov, Division of Clearing and Risk, or Jason A. Shafer, Attorney Advisor, Division of Swap Dealer and Intermediary Oversight, jshafer@cftc.gov, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

SUPPLEMENTAL INFORMATION: On April 28, 2011, the Commission published in the **Federal Register** a notice of proposed rulemaking that would establish initial and variation margin requirements on uncleared swaps for SDs and MSPs.⁴ In October 2011, BCBS and IOSCO established the WGMR to develop harmonized international standards for uncleared swaps. BCBS and IOSCO recently published a consultative paper prepared by the WGMR that outlines possible margin requirements for non-centrally cleared derivatives.⁵ The consultative paper addresses a number of topics, including: (i) the instruments that would be subject to margin requirements; (ii) the market participants to be subject to margin requirements; (iii) initial margin and variation margin methodology; (iv) eligible collateral; (v) treatment of provided margin; (vi) treatment of inter-affiliate transactions; and (vii) treatment of cross-border transactions.⁶

BCBS and IOSCO are requesting comment on the initial proposals set forth in the consultative paper. After reviewing and evaluating any comments received, the WGMR will

⁴ See 76 FR 23732.

⁵ The WGMR is comprised of representatives from over 25 domestic and international regulatory authorities, including the CFTC.

⁶ The consultative paper is available on the Bank for International Settlements (“BIS”) website (www.bis.org), the IOSCO website (www.iosco.org) and the CFTC website (www.cftc.gov).

issue final policy recommendations for margin requirements for non-centrally cleared derivatives.⁷ As part of the international effort to implement consistent global standards for margin requirements for non-centrally cleared derivatives, the CFTC will consider the final policy recommendations set forth by the WGMR when adopting its final rules for margin for uncleared swaps and may adapt its final rules to conform with the final policy recommendations set forth by BCBS and IOSCO. Accordingly, the Commission believes it is appropriate to extend the comment period for its proposed margin requirements in order to give interested parties the opportunity to comment on the consultative paper and the CFTC's proposed rule concurrently.

Therefore, the Commission is extending the comment period until September 14, 2012, for all aspects of its proposed margin rules on uncleared swaps and specifically requests quantitative data and analysis on the comparative costs and benefits of the CFTC's proposed rule and the initial proposals set forth in the consultative paper.

Issued by the Commission this 5th day of July, 2012.

David Stawick

Secretary of the Commission

Commodity Futures Trading Commission

⁷ Concurrently with the comment period for the consultative paper, BCBS and IOSCO also will conduct a quantitative impact study ("QIS") to assess the costs and benefits of margin requirements. The results of the QIS will be considered along with the comments submitted on the consultative paper in formulating a final joint proposal on non-centrally cleared derivatives.

NOTE: The following appendix will not appear in the Code of Federal Regulations

Appendix 1- Statement of Chairman Gary Gensler

I support the formal reopening of the comment period on the CFTC's initial margin proposal so that we can hear further from market participants in light of work being done to internationally harmonize an approach to margin.

The CFTC has been working with the Federal Reserve, the other U.S. banking regulators, the Securities and Exchange Commission and international regulators and policymakers to align margin requirements for uncleared swaps. I think it is essential that we align these requirements globally, particularly between the major market jurisdictions. The international approach to margin requirements in the consultative paper (sponsored by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions) released today is consistent with the approach the CFTC laid out in its margin proposal last year. It would lower the risk of financial entities, promote clearing and help avoid regulatory arbitrage.

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